

MR. TAFT'S TRUST SPEECH

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the case of corporations controlling a large percentage of the product which are not necessary in the case of smaller corporations. Probably not one per cent of the corporations engaged in interstate commerce, would be required to take out a license under this plan—possibly not one-half of one per cent—and yet what a protection the remaining ninety-nine per cent would find in a law requiring a license in the case of the larger ones!

The license, however, would not prevent the growth of the corporations licensed. It would simply bring them under the eye of the federal government and compel them to deal with the public in such a way as to afford the public the protection necessary. One of the restrictions suggested is that such licensed corporations be compelled to sell to all purchasers in all parts of the country on the same terms, after making due allowance for cost of transportation. Mr. Taft attacks this restriction as "utterly impracticable." He says: "If it can be shown that in order to drive out competition, a corporation owning a large part of the plant producing an article is selling in one part of the country, where it has competitors, at a low and unprofitable price, and in another part of the country, where it has none, at an exorbitant price, this is evidence that it is attempting an unlawful monopoly and justifies conviction under the anti-trust law."

If such an act is now unlawful, why is he so frightened at a plan which gives to the small competitor this very protection? The trouble with the present law is that it does not restrain the evils at which it is aimed. The plan proposed in the democratic platform brings the corporation under the surveillance of the government when it has reached the danger point, and thereafter subjects it to federal scrutiny. The present law simply prohibits it in an indefinite sort of way, and then leaves the officers of the law to scour the country and hunt up violations of the law's provisions. Mr. Taft is unduly alarmed at this proposal, or else he entirely fails to comprehend the details of the plan. He says:

"To supervise the business of corporations in such a way as to fix the price of commodities and compel the sale at such price is as absurd and socialistic a plank as was ever inserted in a democratic political platform."

And yet this sentence is found in the same paragraph with the sentence above quoted in which he declares that it is even now a violation of the Sherman anti-trust law for a corporation to attempt to destroy a competitor by selling at a low and unprofitable price where it has competition, and at an exorbitant price where it has no competition. In what respect is our plan more socialistic than the plan which Mr. Taft endorses? Merely in the fact that ours can be enforced. According to Mr. Taft's logic, a plan is not socialistic which is not effective, but the same would be socialistic if made effective. Why should a corporation supplying twenty millions of people—for a corporation controlling twenty-five per cent of the total product supplies one-fourth, or more, of our population—should such a corporation be permitted to sell at one price in one part of the country and at another price in another part? What reason can a corporation have for such discrimination? Prices are not made as a matter of favor; when a big corporation sells to the people of one section at one price and the people of another section at another price—the cost of transportation being taken into consideration—there is a reason for it, and in almost every case the reason is to be found in the effort to destroy a competitor. One of the most familiar methods of the trust is to undersell a small competitor in the small competitor's territory—the price being maintained elsewhere—until the small competitor is driven to bankruptcy and then the price is raised. That has been done over and over again. It is open and notorious; and yet, with the republican party in complete power at Washington, what effort has been made to prevent this. This remedy, although vehemently denounced by Mr. Taft, will appeal to the average man as not only very salutary, but very necessary.

Fifty per cent is fixed as the maximum limit. When a corporation controls fifty per cent of the total product, it supplies forty millions of people with that product. Is that not enough? Mr. Taft's objection to this limitation can hardly be characterized as statesmanlike. He says: "A corporation controlling forty-five or fifty per cent of the product, may by well known methods, frequently effect a monopoly and stamp out competition in a part of a country as completely as if it controlled sixty or seventy per cent thereof."

Why, then, does he not propose a lower limit? If the control of forty-five per cent may constitute a monopoly, why does he not suggest that as a maximum? It can not be because of any disinclination to amend his platform, for he has already made a patchwork quilt of the convention's platform by promiscuous amendments.

And to what "well known" methods does he refer? To the underselling of competitors in one section while the price is maintained elsewhere? And yet this is the very thing which we propose to remedy, but he proceeds to denounce our remedy as absurd and socialistic. The trouble with Secretary Taft is that he spends so much time trying to discover excuses for inaction in trust matters that he has none left for the consideration of effective remedies. He spends more time uttering warnings against remedies proposed than he does in pointing out the evils to be remedied or in suggesting remedies. He says:

"The combination of capital in large plants to manufacture goods with the greatest economy is just as necessary as the assembling of the parts of a machine to the economical and more rapid manufacture of what in old times was made by hand. And he adds that:

"The government should not interfere with one any more than the other, when such aggregations of capital are legitimate and are properly controlled, for they are the natural results of modern enterprise and are beneficial to the public."

No one proposes to interfere with production on a scale sufficiently large to enable the producer to utilize by-products and take advantage of all the economies that large production makes possible. It is just here that the trust magnates attempt to confuse the public mind, and Mr. Taft has unconsciously adopted their language.

Let the issue be made plain; let the distinction be accurately drawn; let the respective position of the parties be fully understood. The democratic party does not oppose all corporations; on the contrary it recognizes that the corporation can render an important service to the public. The democratic party wants to employ every instrumentality that can be employed for the advancement of the common good; but the democratic party draws the line at the private monopoly, and declares that a private monopoly can not be justified on either economic or political grounds.

From an economic standpoint, a monopoly is objectionable. The moment a corporation secures a practical monopoly in the production or sale of any article, certain evils appear which outweigh any good that can come from large production or control. Wherever private monopolies exist, certain irresistible tendencies manifest themselves. First, it raises prices—this is the first thing thought of for the increasing of profits. Then, in proportion as it becomes the only purchaser of the raw material, it reduces the price of the raw material, and the producer of that raw material, having no other market, must accept the price offered. In this way, too, the profits of the corporation are increased. Third, a reduction in the quality affords an opportunity for increasing profits. Fourth, reduction in wages follows wherever conditions will permit.

Competition protects the purchaser, for when a number of independent producers stand ready to supply him with what he needs, he can choose between them and buy from the one who offers the best product at the lowest price. He is also protected in quality because those who compete for the opportunity to sell to him must show either advantage in price or advantage in quality. Competition protects the man who produces raw material, for when there are a number of bidders for that which is being sold, he can accept the highest price offered. Competition also helps the wage-earner, for his skill is the finished product which he offers upon the market and where a number of independent industries are endeavoring to secure the highest skill, the skilled laborer has the best assurance of obtaining a fair recompense; when there is, but one employer, the employee must take the price offered, because he will lose the advantage of his experience if he must go out to find a different kind of employment.

The business men of the country have felt the pressure of the trusts. The retailer has been compelled to enter into contracts which restrict his management of his own affairs; he has found the terms of sale and payment changed to his disadvantage and he has been forced to carry more and more of the risks of trade. He is convinced that there are no good trusts and that his only safety is in the democratic plan which lays the axe at the root of the tree.

The traveling men naturally take special interest in the trust question, because the more complete the monopoly secured by a corporation the less they are needed. We have

no more intelligent class than the representatives of commerce, and their retirement from the road would mean a serious loss to the country while a few promoters would be the only persons benefited, they gaining by the capitalization of the salaries saved by the elimination of competition.

Mr. Taft either misunderstands or misrepresents the democratic position in regard to the extermination of the principle of private monopoly. In his notification speech, he says: "Mr. Roosevelt would compel the trusts to conduct their business in a lawful manner and secure the benefits of their operation and the maintenance of the prosperity of the country of which they are an important part; while Mr. Bryan would extirpate and destroy the entire business in order to stamp out the evils which they have practiced."

Here is a confession by Mr. Taft that he regards the trusts as necessary to the nation's prosperity, for he declares that they play an important part in the maintenance of prosperity, and he charges that I would "extirpate and destroy" business in extirpating and destroying the principle of private monopoly. Surely, in his study of the trust question has been very superficial, if he sees danger in the restoration of competition.

Let us take an illustration: Suppose the democrats succeed in the enactment of a law in harmony with the democratic platform—a law requiring every corporation to take out a federal license before it is permitted to control twenty-five per cent of the business in which it is engaged. Would this "extirpate and destroy" the business of the country? As already stated, but a very small per cent of the corporations would be affected by the law, and those affected would be the ones that have been giving the officers of the law so much trouble during the last eighteen years. As the licensed corporation increased its business from twenty-five per cent to fifty per cent, it would be under the watchful eye of the government, would be compelled to make such reports as the government required, would be prohibited from watering its stock, and would be required to sell to all customers upon the same terms, due allowance being made for cost of transportation. Would it "extirpate and destroy" business to require these licensed corporations to do business on an honest basis and to be reasonable in their business methods? Would not the benefit accruing to the ninety-nine small corporations thus protected from conscienceless methods be enough to offset any evil effects that might follow from such restraint of a few big corporations? Is business so dependent upon dishonesty and unfairness that it would be "extirpated and destroyed" if morals were introduced into it? When the licensed corporation reached a point where it controlled one-half of the business in which it was engaged it would have to stop expanding. Would it "extirpate and destroy" business to put according to the democratic plan, this limitation upon the greed of a few corporations? Surely our plan could not injuriously affect corporations that might hereafter seek to establish a monopoly.

But possibly Mr. Taft thinks that it would "extirpate and destroy" business to apply the plan to existing monopolies. Let us see: Suppose we have a corporation now controlling seventy-five per cent of the output of the article in which it deals, and through this control, regulating the price and the terms of sale. How would the democratic plan affect it? A date would be fixed at which the law would take effect, and on or before that date the corporation would be required to apply for a license. The evidence would show that it controlled a larger proportion of the product than the law permitted, and it would be compelled to sell off enough of its plants to reduce its output to fifty per cent of the total product. It could then comply with the law, obtain its license, and proceed to carry on its business in accordance with the law. Would it "extirpate and destroy" business to compel such a corporation to dispose of enough of its plants to reduce its production to fifty per cent? The people would still need the article which it produced, and the plants which it was compelled to sell, would become independent plants competing with it. This competition would reduce prices, and the reduced prices would increase the demand for the article, and this increased demand would stimulate the building of more factories and give a larger employment to labor. The restoration of competition in that industry, instead of "extirpating and destroying" the industry would revive and enlarge it. A part of the benefit would go to the consumers in the form of a cheaper product and a better product, part would go to the producer of raw material in the form of a better price, and part would go to the wage earners in the form of better wages. The only

persons to lose would be the trust magnates, who would no longer be able to collect dividends on watered stock by controlling the market. When the subject is analyzed, it will be seen that Mr. Taft must either be in darkness as to the remedy and its effect, or he must argue that the introduction of morals into business would "extirpate and destroy business."

I have quoted and re-quoted Mr. Taft's language because I want to impress upon the minds of those who listen to me the absurdity of the objection which he raises to the democratic plan of extirminating monopolies. He fails to distinguish between the honest business that makes a country prosperous, and the brigandage practiced by private monopolies. The people have been robbed by the trusts to the extent of hundreds of millions a year, and if Mr. Taft is not yet conscious of what is going on, and not yet aroused to the iniquity of these trusts, how can the country hope for relief through his election?

The democratic party is the defender of competition and the only great party which is seeking to restore competition. Mr. Taft has, in the discussion of this question, employed harsh words instead of argument. The word "socialistic" is hurled at the democratic party and the democratic platform. Now, as a matter of fact, it is Mr. Taft's party and not the democratic party which has given encouragement to socialism. While professing to abhor socialism, the republican party has gone half way toward socialism in endorsing its fundamental principle. The socialist bases his contention on the theory that competition is bad, and that an economic advance is to be found in monopoly. The socialist, however, wants the public to have the benefit of the monopoly and, therefore, favors government ownership and operation of all the means of production and distribution.

The republican party has gone almost as far as the socialist party in the economic defense of the monopoly, but it permits the benefits of monopoly to be enjoyed by a comparatively few men, who have secured a dominant influence in the government. I beg to call Mr. Taft's attention to the fact that the republican party has stimulated the growth of socialism in two ways: First, by the endorsement that it has given to the theory that trusts are a natural and necessary outgrowth of our economic conditions, and, second, by permitting the development

of abuses which have been charged against individualism. If he will examine the vote published in the World Almanac, he will find that in 1900 the republicans cast 7,925,489 votes and the socialists 402,286. Notwithstanding the fact that the republicans have boasted of their last national victory, their party polled but 417,000 more votes that year than four years before. This scarcely more than covered the natural increase in the republican portion of the population, while the socialist vote increased more than three hundred per cent, and the increase in votes was almost as great as the increase in republican votes.

The republican leaders have been in the habit of sneering at the socialists while blindly indifferent to the causes that have contributed to the growth of socialism. The democrats recognize that socialists are honestly seeking a remedy for the "known abuses" admitted by Secretary Taft. Democrats dissent from the remedy proposed by the socialists, believing that socialists are mistaken and that the democratic remedy is better, but it is time for thoughtful people to recognize that individualism can only be retained and defended by remedial legislation which will remove the abuses which have been allowed to fasten themselves upon the country. The democratic party, believing in individualism, addresses itself earnestly to these abuses, and instead of ridiculing and maligning the socialists, invites them, as it does republicans, to examine the democratic platform and the remedies proposed therein. It submits its plans to the honest citizenship of the country, without regard to section or party.

In my notification speech I called attention to three demands made by our party. It asks, first, that the government shall be taken out of the hands of special interests, and restored to the people as a whole; it asks, second, for honesty in elections and publicity in regard to campaign funds, that the people may freely choose representatives in sympathy with them and pledged to guard their interests; it asks, third, for such a modification of our governmental methods as will make the senate an elective body, and place the control of the house of representatives in the hands of a majority of its members. A few days ago, in discussing the tariff question, I dwelt upon the fourth demand made by our party, namely, that taxation be just, that the revenue laws be made for the purpose of raising revenue and not for the enrichment of a few at the

expense of the many, and that the tariff law be supplemented by an income tax which will more nearly equalize the government's burdens. Today I present another demand made in our party platform—the demand that the grip of the trusts be broken, that competition be restored and that the door of opportunity be opened to the business men and the toilers of the land.

Industrial independence is necessary to political independence. The free exercise of the rights of citizenship is impossible when a few men control the industries in which millions are employed. God forbid that we should compel the wage earners of the nation to address their petitions to trust magnates, and ask for their daily bread. Already we have seen how prone the monopolist is to make employment depend upon the willingness of the employee to prostitute his ballot to the service of his corporate master.

This question should be settled now, we can not afford to bequeath it as a legacy of woe to a succeeding generation. The conscience of the people is already awakened, and the conscience is the most potent force of which man has knowledge. Where law makes one righteous, conscience controls an hundred; where one is kept from wrong-doing by fear of prison doors, a thousand are restrained by those invisible walls which conscience rears about us—barriers which are stronger than walls of granite. It is upon the conscience that human institution rest, and without a stirring of the conscience no great reform is possible. To a national conscience already aroused we appeal, with the pledge that a democratic victory will mean the ringing out of industrial despotism and the ringing in of a new era in which business will be built upon its merits, and in which men will succeed, not in proportion to the coercion they may be able to practice, but in proportion to their industry, their ability and their fidelity.

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